Kbb.com: Vast Majority of Car Shoppers Say Gas Prices Have Influenced Vehicle Purchase Considerations; Increasingly Consider Cars With Better Fuel Economy

90 Percent of Survey Respondents Believe Gas Prices Will Climb Higher in Next 30 Days

IRVINE, Calif., May 2, 2011 /PRNewswire/ -- According to the latest Kelley Blue Book www.kbb.com Market Intelligence survey concerning consumer sentiment and gas prices, the current economic situation coupled with concern over the rise in fuel prices has further caused an increasing number of new car and used car shoppers to change their vehicle consideration criteria. In April, the vast majority of car shoppers (84 percent) said that gas prices have influenced vehicle considerations, revealing a steady increase in the role fuel prices have played in purchase decisions since January. In addition, 90 percent of the latest kbb.com survey respondents said they expect gas prices to rise more in the next 30 days.

The number of respondents indicating that better fuel economy was their main reason for planning to purchase their next vehicle also has been on the rise since the beginning of 2011, increasing 12 percentage points from January to April. When asked about the effect of the economy on future vehicle purchases, 58 percent of kbb.com survey respondents said the economy has caused them to make downgrades, with the most popular downgrade listed being engine size (41 percent), followed by decreased vehicle size (40 percent), less or eliminated vehicle options (35 percent), and switching from new to used (32 percent).

Kelley Blue Book Market Intelligence employed the Van Westendorp pricing model as a research strategy to understand consumers' price sensitivity, discovering that rising gas prices continue to outpace consumer acclimation to a higher price point for fuel. The current optimum price point for gasoline has risen since the beginning of this year, from $3.00 per gallon (with an acceptable range of pricing from $2.75 - $3.25) in January and February to the current optimum price point of $3.23 (with an acceptable range of pricing from $3.07 - $3.41) in April. Therefore, if prices remained around $3.23 per gallon, car shoppers likely would not make major changes in vehicle consideration criteria. However, at the $4.00 per gallon price point, 70 percent of consumers will feel that gas is so expensive it will affect their vehicle consideration, and at $5.00 per gallon, almost all car shoppers (92 percent) say their vehicle consideration will be affected.

Furthermore, the latest kbb.com survey also revealed that despite steadily climbing gas prices, many shoppers feel their personal economic situations are somewhat improving. The number of respondents indicating that their current economic situation is 'poor' decreased by 5 percentage points from 27 percent in February to 22 percent in April. In addition, concerns about becoming unemployed decreased 9 percentage points from 34 percent in March to 25 percent in April.

"As we head into summer driving season, gas prices are going to continue to be a hot topic both in the auto industry and among the car-driving American public," said Jack R. Nerad, executive editorial director and executive market analyst for Kelley Blue Book's kbb.com. "Auto manufacturers increasingly are offering more fuel-efficient vehicles, not only due to the federally mandated Corporate Average Fuel Economy (CAFE) regulations, but also because of rising consumer demand, as indicated by the latest kbb.com survey findings. It's important for shoppers to

know that there are more fuel-efficient options today than ever before, from sub-compact cars to decked-out luxury rides and even highly efficient trucks and SUVs, many of them offering astounding fuel economy numbers, especially in light of the features and safety they offer."

The latest Kelley Blue Book Market Intelligence survey about consumer sentiment and gas prices was fielded to 480 in-market new- and used-car shoppers on Kelley Blue Book's kbb.com from April 12-18, 2011. Kbb.com's Market Intelligence team is part of the Analytic Insights division of Kelley Blue Book.

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